

State taxation is not dependent upon the grace of the State. It was also observed in the same case that although various acts of Congress admitting States to the Union expressly provided that property of the United States should not be taxed by the State, such provisions were declaratory only and did not confer any new power upon the United States.

Notwithstanding the immunity from State taxation of property of the United States, Congress has in numerous instances consented to taxation by the States of property held by various Federal agencies.⁶ Numerous bills have been introduced in Congress in recent years which have provided that the States shall be compensated in one way or another in lieu of taxes lost as a result of real estate acquired by the Government being removed from State tax rolls. No general legislation of this character has been enacted, but an Executive Order⁷ establishing the Federal Real Estate Board directed that board to study and make appropriate recommendations regarding the situation in different communities adversely affected by the loss of tax revenue on land purchased or acquired by the Federal Government. The report and recommendation of that board was recently submitted to Congress, but no action has been taken on it at the time of the preparation of this chapter.

72. State taxation of persons and private property within Federal territory.—As pointed out elsewhere in these chapters, the mere ownership by the United States of land within a State does not deprive the State of its jurisdiction over such area.⁸ Private property within such area remains subject to State taxation except insofar as the power to tax may have been relinquished by the legislature of the State or its exercise would interfere with governmental functions. However, private property situated within territory over which the United States has acquired exclusive jurisdiction cannot be made the subject of State taxation, except as such right may be expressly reserved by the State in its grant of jurisdiction or may be consented to by Congress. Federal statutes permitting State taxation in such areas are hereinafter discussed. Many State statutes in relinquishing jurisdiction to the United States expressly retain the right to tax

⁶ Reconstruction Finance Corporation, U. S. C., Title 15, Sec. 610; Home Owners' Loan Corporation, U. S. C., Title 12, Sec. 1463 (c); Federal Savings and Loan Insurance Corporation, U. S. C., Title 12, Sec. 1725 (e); Federal Deposit Insurance Corporation, U. S. C., Title 12, Sec. 264 (p); Federal Farm Mortgage Corporation, U. S. C., Title 12, Sec. 1020 (f); Production Credit Corporation, U. S. C., Title 12, Sec. 1138 (c); Central Bank for Cooperatives, U. S. C., Title 12, Sec. 1138 (c); Regional Agricultural Credit Corporation, U. S. C., Title 12, Sec. 931; Federal Intermediate Credit Banks, U. S. C., Title 12, Sec. 1111; Federal Housing Administration, Title 12, Sec. 1706 (b). The National Defense Housing Act of Oct. 14, 1940 (Lanham Act) as amended by act of Jan. 21, 1942, provides for the payment from rentals to states and political subdivisions thereof of sums in lieu of taxes on property acquired under the act.

⁷ Executive Order No. 8034, Jan. 14, 1939 (Federal Register, Jan. 17, 1939).

⁸ See section 7.